7: Janlekha X-4,5 (1948-1953) 1956 AO7 Central Thai
Southeast Asia AL1

man-power could be removed without significantly reducing food output. Under this circumstance, not only the productivity of agriculture but also the opportunity for urban industry to grow and flourish is hampered. A major obstacle to development of efficient manufacturing in underdeveloped countries is the small size of the market, which is in turn a consequence of the low purchasing power of the bulk of the people, most of whom get their living from the land.[21]

Southeast Asia has been characterized by its rapid growth in population. Broadly speaking, the region has been until recently one of very thin population. It seems probable that the whole of Southeast Asia in 1800 contained only about ten million people. Malaya then contained about a quarter million people, Java about four million, and Burma probably less than two million. It was, even at the end of the 18th century, a zone of labor shortage. But the last 150 years brought tremendous changes in population. It has been a period of tremendous population increases, causing people to swarm upon the more fertile areas, upon deltas and volcanic cones where people had not clustered before. By the quinquennium 1916-20, the total population of Southeast Asia had become 84 million, by 1936-40, 120 million, and by 1946-50 it was nearly 145 million.[22] This rapid population growth has been a great concern to students in economic

21. Ibid., p. 253.

22. E. H. G. Dobby, Southeast Asia (London: University of London Press Ltd., 1951), p. 386.

7: Janlekha X-4,5 (1948-1953) 1956 AO7 Central Thai
Southeast Asia AL1

43 each of the countries in the area, which is due to the low
44 level of their real income. This small size of market has important effects on the volume of international trade, on the pattern of foreign investment, and on the use of domestic savings.

648 Because of their low level of productivity and
43 hence of low real purchasing power, the underdeveloped
44 agricultural countries play a minor part in world trade.
47 Business investment abroad has tended in the past to shy away from industries working for the domestic market in the underdeveloped areas and to concentrate instead on primary production for export to the advanced industrial centers. With special reference to Southeast Asia, most writers assign the pattern to the commercial design of the colonial powers. Nurkse, however, maintains that it does not reflect any sinister conspiracy or deliberate policy, still less any concerted attempt of the rich countries to exploit the poor. "Exploitation there may have been," he said, "but this pattern of foreign investment by itself does not constitute any proof of it. This pattern can be readily accounted for on obvious economic grounds. The explanation lies, on the one hand, in the poverty of the local consumers in the underdeveloped countries, and on the other, in the large and, in the nineteenth century, vigorously expanding markets for primary products in the world's industrial centers."[28]

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28. Ragner Nurkse, Problems of Capital Formation in Underdeveloped Countries (Oxford: A. T. Broome and Son, 1953), p. 25.